

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-125-G - ORDER NO. 2007-745
OCTOBER 12, 2007

IN RE: Notice of Election of Piedmont Natural Gas Company, Inc. for Application of the Natural Gas Rate Stabilization Act to its Rates and Charges.)	INITIAL ORDER ON
)	APPLICATION OF THE
)	NATURAL GAS RATE
)	STABILIZATION ACT
)	AND ORDER ADOPTING
)	SETTLEMENT
)	AGREEMENT

I. INTRODUCTION

This matter comes before the Public Service Commission of South Carolina (the Commission) pursuant to S.C. Code Ann. Section 58-5-455, a portion of the Natural Gas Rate Stabilization Act, as related to Piedmont Natural Gas Company, Inc. (Piedmont or the Company). Order No. 2005-491 established a baseline for the Company under the Act, based on the Company's last rate case. See Order No. 2002-761. Section 58-5-455 sets out a procedure for the handling of monitoring reports under the Act related to the quarter ending March 31, which we detailed in Order No. 2005-491 at 5.

Briefly, under Section 58-5-455 the Company files the monitoring reports with the Commission and the Office of Regulatory Staff (ORS). Parties may comment on the reports. Where it appears to the Commission or ORS that an adjustment in rates may be warranted, ORS shall conduct an audit of the monitoring report and specify any changes that it determines are necessary to correct errors in the report or to otherwise bring the

report into compliance with the statute. Parties may comment on the ORS audit. On or before October 15, the Commission shall issue an initial order setting forth any changes required in the utility's request to adjust rates under the statute. Any gas rate adjustments authorized under the terms of the statute shall take effect for all bills rendered on or after the first billing cycle of November of that year. This present order is the "initial order" contemplated by S.C. Code Ann. Section 58-5-455 for Piedmont.

Pursuant to the South Carolina Natural Gas Rate Stabilization Act ("Act"), Piedmont submitted its quarterly monitoring report for the twelve-month period ending March 31, 2007, as well as the required revenue deficiency calculations and proposed changes to its tariff rates necessary to permit Piedmont the opportunity to earn the rate of return on common equity established in its last general rate case as specified in Section 58-5-420(1).

The ORS conducted a review of Piedmont Natural Gas Company, Inc.'s Monitoring Report for the twelve-month period ending March 31, 2007, to evaluate compliance with Section 58-5-430 and Section 58-5-440 of the Act. The ORS proposed certain adjustments to reported amounts to bring the report into conformance with those sections. Piedmont filed written comments advising the Commission that Piedmont had no objection to or comments on the findings and adjustments reflected in the ORS Audit Report. No written comments from other parties were received.

Subsequently, a Settlement Agreement was reached by and among Piedmont, ORS, and the South Carolina Energy Users Committee (SCEUC) (collectively, the Parties). The Settlement Agreement, plus exhibits, are attached hereto as Order Exhibit 1.

Under the terms of the Settlement Agreement, Piedmont will implement rates for the twelve-month period beginning with the first billing cycle of November 2007, calculated on the basis of an 11.2% return on equity (ROE). The Parties agree that Piedmont will adopt the accounting adjustments of ORS as set forth in Schedule 2 attached to the Settlement Agreement. The Parties further agree that, based upon the accounting adjustments proposed by ORS and adopted by Piedmont, and the agreement of Piedmont to implement rates based upon an 11.2% ROE, South Carolina ratepayers will realize a reduction in current margin rates of \$(2,506,940). The Parties further agree to an adjustment for Demand Cost Under-Recovery of \$1,797,800.

We have examined the accounting and pro forma adjustments proposed and agreed upon by the parties, as well as the Settlement Agreement, and we take no exception to them.

II. FINDINGS AND CONCLUSIONS

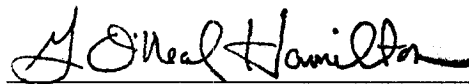
1. S.C. Code Ann. Section 58-5-455, a portion of the Natural Gas Rate Stabilization Act, requires the filing of certain documents and the issuance of this Initial Order.
2. Changes are required to the Company's request to adjust rates.
3. ORS has suggested certain changes to which Piedmont does not object, as outlined above. Indeed, the parties have reached a Settlement Agreement.
4. This Commission has found no other changes appropriate or necessary other than those agreed to by the parties.

5. The Settlement Agreement is approved. This Commission adopts the changes and adjustments proposed by the parties and the resulting rates and charges. Said rates and charges are attached hereto as Order Exhibit 2.

6. The new approved rates and charges shall be effective for bills rendered on and after the first billing cycle in November 2007.

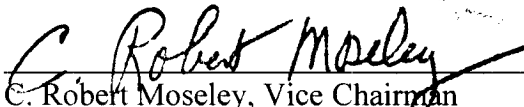
7. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



G. O'Neal Hamilton, Chairman

ATTEST:



C. Robert Moseley, Vice Chairman

(SEAL)

Docket No. 2005-125-G

Order No. 2007-745

October 12, 2007

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2005-125-G

Filed: DDukeDept: SADate: 9-4-07Time: 7:30

IN RE:

Piedmont Natural Gas)
 Company's Application of the)
 Natural Gas Rate Stabilization Act)
 To its Rates and Charges.)

SETTLEMENT AGREEMENT

This Settlement Agreement is made by and among the Office of Regulatory Staff of South Carolina ("ORS"), South Carolina Energy Users Committee ("SCEUC"), and Piedmont Natural Gas Company, Inc. ("PNG") (collectively referred to as the "Parties" or sometimes individually as a "Party").

WHEREAS, by Public Service Commission of South Carolina ("Commission") Order Nos. 2005-491, dated September 28, 2005, and 2005-567, dated October 13, 2005, the Commission established a baseline for PNG under the Natural Gas Rate Stabilization Act (the "Act") and approved certain accounting adjustments proposed by ORS and PNG;

WHEREAS, pursuant to S.C. Code Ann. § 58-5-455 (Supp. 2006), PNG filed its Quarterly Monitoring Report and Proposed Rate Changes with the Commission on June 15, 2007 for the review period consisting of April 1, 2006 through March 31, 2007 ("Review Period");

WHEREAS, the Report of ORS' examination of PNG's Monitoring Report for the Twelve-Month Period Ending March 31, 2007, pursuant to the Act, was filed with the Commission on August 31, 2007;

RECEIVED

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PSC SC
DOCKETING DEPT.

This Document Is An Exact Duplicate, With The Exception Of
 The Form Of The Signature, Of The E-Filed Copy Submitted
 To The Commission In Accordance With Its Electronic Filing
 Instructions

WHEREAS, the Parties to this Settlement Agreement are the only parties of record in the above-captioned docket.

WHEREAS, the Parties have engaged in discussions to determine if a settlement of this proceeding would be in their best interest;

WHEREAS, following those discussions the Parties have each determined that their interests, and ORS has determined that the public interest, would be best served by settling the above-captioned case under the terms and conditions set forth below:

1. PNG will implement rates for the twelve-month period beginning with the first billing cycle of November 2007 calculated on the basis of an 11.2% ROE.

2. The Parties agree that the following are the only attachments to this Settlement Agreement: Schedule 1 (Net Operating Income and Rate of Return); Schedule 2 (Explanations of Accounting and Pro Forma Adjustments); and Schedule 3 (Average Weighted Cost of Capital).

3. The Parties agree that PNG will adopt the accounting adjustments of ORS as set forth in Schedule 2 as attached to this Settlement Agreement.

4. The Parties agree that, based upon the accounting adjustments proposed by ORS and adopted by PNG, and the agreement of PNG to implement rates based on an 11.2% ROE, South Carolina ratepayers will realize a reduction in current margin rates totaling (\$2,506,940).

5. The Parties agree to an adjustment for Demand Cost Under-Recovery of \$1,797,800.

6. The Parties agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission as a fair, reasonable and full resolution of the above-captioned proceeding. The Parties agree to use

reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein.

7. The Parties agree that by signing this Settlement Agreement, it will not constrain, inhibit or impair their arguments or positions in future proceedings. Should the Commission decline to approve the agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement without penalty.

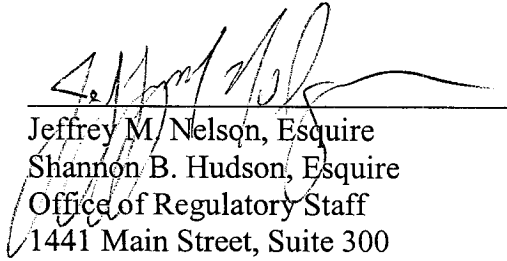
8. This Settlement Agreement shall be interpreted according to South Carolina law.

9. Each Party acknowledges its consent and agreement to this Settlement Agreement by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement.

[SIGNATURE PAGES FOLLOW]

WE AGREE:

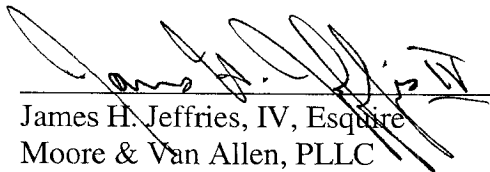
Representing and binding the Office of Regulatory Staff

A handwritten signature in black ink, appearing to read "Jeffrey M. Nelson", is written over a horizontal line.

Jeffrey M. Nelson, Esquire
Shannon B. Hudson, Esquire
Office of Regulatory Staff
1441 Main Street, Suite 300
Columbia, SC 29201
Phone: (803) 737-0823
Fax: (803) 737-0895
Email: jnelson@regstaff.sc.gov
shudson@regstaff.sc.gov

WE AGREE:

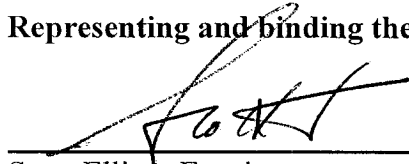
Representing and binding Piedmont Natural Gas Company, Inc.



James H. Jeffries, IV, Esquire
Moore & Van Allen, PLLC
100 North Tryon Street, Ste. 4700
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Phone: 704-331-1079
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WE AGREE

Representing and binding the South Carolina Energy Users Committee



Scott Elliott, Esquire
Elliott & Elliott, P.A.
721 Olive Street
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Piedmont Natural Gas Company
South Carolina Operations
Net Operating Income and Rate of Return
For the Twelve Months Ended March 31, 2007
Docket No. 2005-125-G

	(1) Per Regulatory Books	(2) ORS Accounting and Pro Forma Adjustments	(3) ORS As Adjusted	(4) Adjustments for Proposed Margin Decrease	(5) Adjustments for Demand Cost Under-Recovery	(6) Total After Proposed Rates
Operating Revenues						
1 Sale and Transportation of Gas	\$ 201,382,985	\$ (1,076,672)	\$ 200,306,313	\$ (2,506,940)	\$ 1,797,800	\$ 199,597,173
2 Other Operating Revenues	945,789	0	945,789			945,789
3 Total Operating Revenues	<u>202,328,774</u>	<u>(1,076,672)</u>	<u>201,252,102</u>	<u>(2,506,940)</u>	<u>1,797,800</u>	<u>200,542,962</u>
Operating Expenses						
4 Cost of Gas	125,494,760	(2,098,826)	123,395,934		1,785,055	125,180,989
5 Operations and Maintenance	30,349,750	(1,876,718)	28,473,032	(6,037)	4,299	28,471,294
6 Depreciation	11,529,236	(230,252)	11,298,984			11,298,984
7 General Taxes	6,680,910	(191,658)	6,489,252	(11,777)	8,446	6,485,921
8 State Income Taxes	572,568	680,537	1,253,105	(124,456)		1,128,649
9 Federal Income Taxes	14,264,806	(5,955,010)	8,309,796	(827,634)		7,482,162
10 Amortization of Investment Tax Credits	(59,487)		(59,487)			(59,487)
11 Total Operating Expenses	<u>188,832,543</u>	<u>(9,671,927)</u>	<u>179,160,616</u>	<u>(969,904)</u>	<u>1,797,800</u>	<u>179,988,512</u>
12 Net Operating Income	<u>13,496,231</u>	<u>8,595,255</u>	<u>22,091,486</u>	<u>(1,537,036)</u>	<u>0</u>	<u>20,554,450</u>
13 Interest on Customers' Deposits	(120,366)		(120,366)			(120,366)
14 Amortization of Debt Redemption Premium	(14,343)	(386)	(14,729)			(14,729)
15 Allowance for Funds Used During Construction	274,075		274,075			274,075
16 Customer Growth	109,682	71,468	181,150	(12,604)		168,546
17 Net Operating Income for Return	<u>\$ 13,745,279</u>	<u>\$ 8,666,337</u>	<u>\$ 22,411,616</u>	<u>\$ (1,549,640)</u>	<u>\$ 0</u>	<u>\$ 20,861,976</u>
Original Cost Rate Base:						
18 Plant in Service	\$ 360,882,042		\$ 360,882,042			\$ 360,882,042
19 Accumulated Depreciation	(129,944,541)		(129,944,541)			(129,944,541)
20 Net Plant in Service	<u>230,937,501</u>		<u>230,937,501</u>			<u>230,937,501</u>
Add:						
21 Construction Work in Progress	5,889,778		5,889,778			5,889,778
22 Materials and Supplies	19,784,206	(82,771)	19,701,435			19,701,435
23 Cash Working Capital	4,943,966	(1,004,743)	3,939,223			3,939,223
Deduct:						
24 Customers' Advances	3,599		3,599			3,599
25 Customers' Deposits	3,845,353		3,845,353			3,845,353
26 Accumulated Deferred Income Taxes	33,102,582		33,102,582			33,102,582
27 Unclaimed Funds	370,639		370,639			370,639
28 Original Cost Rate Base:	<u>\$ 224,233,278</u>	<u>\$ (1,087,514)</u>	<u>\$ 223,145,764</u>			<u>\$ 223,145,764</u>
29 Rate of Return	<u>6.13%</u>		<u>10.04%</u>			<u>9.35%</u>
30 Return on Equity	<u>5.53%</u>		<u>12.42%</u>			<u>11.20%</u>

Piedmont Natural Gas Company
South Carolina Operations
Explanations of Accounting and Pro Forma Adjustments
Twelve Months Ended March 31, 2007
Docket No. 2005-125-G

Line No.	Description	Per Piedmont	Per ORS
1	<u>Operating Revenues - Sale and Transportation of Gas</u>		
	To decrease revenues on a going-level basis.	\$ (1,076,672)	\$ (1,076,672)
	<u>Total Operating Revenues - Sale and Transportation of Gas</u>	<u>\$ (1,076,672)</u>	<u>\$ (1,076,672)</u>
2	<u>Cost of Gas</u>		
	To decrease cost of gas on a going-level basis.	\$ (2,098,826)	\$ (2,098,826)
	<u>Total Cost of Gas</u>	<u>\$ (2,098,826)</u>	<u>\$ (2,098,826)</u>
3	<u>Operations and Maintenance Expenses</u>		
a.	To decrease the payroll costs on a going-level basis, to annualize the payroll expense as of March 31, 2007, and to disallow officer salary increases in conformance with PSC Order No. 2002-761, dated November 1, 2002.	\$ (315,158)	\$ (147,185)
b.	To decrease expenses for the salary and payroll investment plan. The plan allows participants to defer a portion of their base salary and the Company matches a portion of the participant's contribution.	(34,061)	(29,493)
c.	Adjustment 3 c. not used by company.		
d.	To correct pension costs included in the filing.	(52,551)	(52,551)
e.	To adjust uncollectible gas cost expense utilizing the method recently approved in Docket No. 2006-4-G, Order No. 2006-527, dated October 11, 2006. This removes uncollectible gas cost expense from base rates and records the amount in account # 253.04. The applicable uncollectible gas cost rate is .24081%.	(274,537)	(373,546)
f.	To decrease expenses for allocations to non-utility activities.	(14,280)	(14,280)
g.	To decrease expenses for the Long-Term Incentive Plan.	(240,355)	(240,355)
h.	To decrease expenses for the Short-Term Incentive Plan.	(31,352)	(31,352)
i.	To increase expenses for the MVP Incentive Plan.	109,948	109,948

Piedmont Natural Gas Company
South Carolina Operations
Explanations of Accounting and Pro Forma Adjustments
Twelve Months Ended March 31, 2007
Docket No. 2005-125-G

<u>Line No.</u>	<u>Description</u>	<u>Per Piedmont</u>	<u>Per ORS</u>
j.	To increase expenses for group insurance as projected.	71,143	71,143
k.	To decrease expenses for the Piedmont Town Center lease.	(938)	(938)
l.	To decrease expenses for the South Carolina assessment fee.	(17,196)	(17,196)
m.	To decrease expenses for items that are nonallowable for ratemaking purposes.	(134,965)	(134,965)
n.	To decrease expenses for amortization of early retirement incentive.	(1,015,948)	(1,015,948)
	<u>Total Operations and Maintenance Expense</u>	<u>\$ (1,950,250)</u>	<u>\$ (1,876,718)</u>
4	<u>Depreciation Expense</u>		
	To decrease depreciation expense on a going-level basis using recently completed depreciation study rates.	\$ (230,252)	\$ (230,252)
	<u>Total Depreciation Expense</u>	<u>\$ (230,252)</u>	<u>\$ (230,252)</u>
5	<u>General Taxes</u>		
a.	To decrease property taxes on a going-level basis.	\$ (12,262)	\$ (12,262)
b.	To adjust payroll tax expense.	(148,692)	(174,338)
c.	To decrease franchise taxes (rate of .3%) and gross receipts tax (rate of .16979%) for the adjustment made to decrease revenues on a going-level basis.	0	(5,058)
	<u>Total General Taxes</u>	<u>\$ (160,954)</u>	<u>\$ (191,658)</u>
6	<u>State Income Taxes</u>		
	To adjust state income taxes (rate of 5%) to reflect the impact on income of accounting and pro forma adjustments.	\$ 651,824	\$ 680,537
	<u>Total State Income Taxes</u>	<u>\$ 651,824</u>	<u>\$ 680,537</u>

Piedmont Natural Gas Company
South Carolina Operations
Explanations of Accounting and Pro Forma Adjustments
Twelve Months Ended March 31, 2007
Docket No. 2005-125-G

<u>Line No.</u>	<u>Description</u>	<u>Per Piedmont</u>	<u>Per ORS</u>
7	<u>Federal Income Taxes</u>		
	To adjust federal income taxes (rate of 35%) to reflect the impact on income of accounting and pro forma adjustments.	\$ (6,145,951)	\$ (5,955,010)
	<u>Total Federal Income Taxes</u>	\$ (6,145,951)	\$ (5,955,010)
8	<u>Amortization of Debt Redemption Premium</u>		
	To decrease net operating income for amortization of debt redemption premium.	\$ (386)	\$ (386)
	<u>Total Amortization of Debt Redemption Premium</u>	\$ (386)	\$ (386)
9	<u>Customer Growth</u>		
	To increase net operating income to reflect anticipated customer growth (rate of .82%) following the adjustments to operating revenues and expenses.	\$ 72,632	\$ 71,468
	<u>Total Customer Growth</u>	\$ 72,632	\$ 71,468
10	<u>Materials and Supplies</u>		
	To adjust materials and supplies to reflect actual gas inventory levels.	\$ 0	\$ (82,771)
	<u>Total Materials and Supplies</u>	\$ 0	\$ (82,771)
11	<u>Cash Working Capital</u>		
	To decrease cash working capital following the pro forma adjustments to operation and maintenance expenses (rate of 12.5%) as reflected in the Original Filing.	\$ (243,781)	\$ (1,004,743)
	<u>Total Cash Working Capital</u>	\$ (243,781)	\$ (1,004,743)
12	<u>Operating Revenues - Sale and Transportation of Gas</u>		
	To decrease revenues from the sale and transportation of gas for the proposed margin decrease. ORS has recalculated this adjustment utilizing all ORS adjustments to operating revenues.	\$ 0	\$ (2,506,940)
	<u>Total Operating Revenues - Sale and Transportation of Gas</u>	\$ 0	\$ (2,506,940)

Piedmont Natural Gas Company
South Carolina Operations
Explanations of Accounting and Pro Forma Adjustments
Twelve Months Ended March 31, 2007
Docket No. 2005-125-G

<u>Line No.</u>	<u>Description</u>	<u>Per Piedmont</u>	<u>Per ORS</u>
13	<u>Operations and Maintenance Expenses</u>		
	To decrease the provision for uncollectible accounts (.24081%) for the proposed margin decrease.	\$ 0	\$ (6,037)
	<u>Total Operations and Maintenance Expenses</u>	\$ 0	\$ (6,037)
14	<u>General Taxes</u>		
	To decrease franchise taxes (rate of .3%) and gross receipts tax (rate of .16979%) for the proposed margin decrease.	\$ 0	\$ (11,777)
	<u>Total General Taxes</u>	\$ 0	\$ (11,777)
15	<u>State Income Taxes</u>		
	To adjust state income taxes (rate of 5%) to reflect the impact on income from the proposed margin decrease.	\$ 0	\$ (124,456)
	<u>Total State Income Taxes</u>	\$ 0	\$ (124,456)
16	<u>Federal Income Taxes</u>		
	To adjust federal income taxes (rate of 35%) to reflect the impact on income from the proposed margin decrease.	\$ 0	\$ (827,634)
	<u>Total Federal Income Taxes</u>	\$ 0	\$ (827,634)
17	<u>Customer Growth</u>		
	To decrease net operating income to reflect anticipated customer growth (rate of .82%) following the proposed margin decrease.	\$ 0	\$ (12,604)
	<u>Total Customer Growth</u>	\$ 0	\$ (12,604)
18	<u>Operating Revenues - Sale and Transportation of Gas</u>		
	To increase the revenue requirement for the sale and transportation of gas associated with demand cost under-recovery.	\$ \$1,795,575	\$ 1,797,800
	<u>Total Operating Revenues - Sale and Transportation of Gas</u>	\$ \$1,795,575	\$ 1,797,800

Piedmont Natural Gas Company
South Carolina Operations
Explanations of Accounting and Pro Forma Adjustments
Twelve Months Ended March 31, 2007
Docket No. 2005-125-G

<u>Line No.</u>	<u>Description</u>	<u>Per Piedmont</u>	<u>Per ORS</u>
19	<u>Cost of Gas</u>		
	To increase cost of gas for the demand cost under-recovery using a demand cost allocation factor of 16.16%, based upon the most recent design day study.	\$ <u>\$1,785,055</u>	\$ <u>1,785,055</u>
	<u>Total Cost of Gas</u>	\$ <u>\$1,785,055</u>	\$ <u>1,785,055</u>
20	<u>Operations and Maintenance Expenses</u>		
a.	To increase the provision for uncollectible accounts (rate of .24081%) following the adjustment to revenues for demand cost under-recovery.	\$ 5,181	\$ 4,299
b.	To increase the franchise taxes (rate of .30%) following the adjustments to revenues for demand cost under-recovery.	<u>5,340</u>	<u>0</u>
	<u>Total Operations and Maintenance Expenses</u>	\$ <u>10,521</u>	\$ <u>4,299</u>
21	<u>General Taxes</u>		
	To increase the franchise taxes (rate of .3%) and gross receipts tax (rate of .16979%) for the adjustment made to revenues for demand cost under-recovery.	<u>0</u>	<u>8,446</u>
	<u>Total General Taxes</u>	<u>0</u>	<u>8,446</u>

Piedmont Natural Gas Company
South Carolina Operations
Average Weighted Cost of Capital
Docket No. 2005-125-G

Description	Capital Structure	Regulatory Per Books				As Adjusted				After Proposed Increase				
		Ratio	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Net Operating Income
Long-Term Debt	767,560,983	43.21%	96,882,849	6.92%	2.99%	6,704,293	96,412,974	6.92%	2.99%	6,671,778	96,412,974	6.92%	2.99%	6,671,778
Common Equity	1,008,942,469	56.79%	127,350,429	5.53%	3.14%	7,040,986	126,732,790	12.42%	7.05%	15,739,838	126,732,790	11.20%	6.36%	14,190,198
Total	1,776,503,452	100.00%	224,233,278		6.13%	13,745,279	223,145,764		10.04%	22,411,616	223,145,764		9.35%	20,861,976

PIEDMONT NATURAL GAS COMPANY, INC.
PROPOSED REVENUE CALCULATIONS
2007 SC RSA

Order Exhibit 2
Docket No. 2005-125-G
Order No. 2007-745
October 12, 2007

(dekatherms)	Proposed	Proposed
Rate Schedule	Rate	Revenue

Residential Service - Value 201

Bills - Winter	\$	10.00	\$	2,522,280
Bills - Summer	\$	8.00	\$	2,857,432
DTs - Winter		13.0550		36,551,828
DTs - Summer		12.5705		13,323,261

Residential Service - Standard 221

Bills - Winter	\$	10.00	\$	3,221,170
Bills - Summer	\$	8.00	\$	3,387,688
DTs - Winter		14.9936		40,159,473
DTs - Summer		14.9355		9,461,445

TOTAL RESIDENTIAL

\$111,484,577

Small General Service - Standard 202

Bills	\$	22.00		2,656,962
DTs - Winter		14.0248		23,893,175
DTs - Summer		13.6744		5,243,901

Small General Service - Value 232

Bills	\$	22.00		1,015,916
First 200		13.4392		13,377,151
Over 200		13.1436		3,410,256
DTs - Winter				
First 200		12.4756		13,056,791
Over 200		12.2053		996,307
DTs - Summer				

Medium General Service - Standard 252

Bills	\$	75.00		18,975
DTs - Winter		13.9175		1,955,256
DTs - Summer		13.4216		622,488

Medium General Service - Value 262

Bills	\$	75.00		83,100
First 500		13.1333		2,601,748
Over 500		12.7838		3,021,662
DTs - Winter				
First 500		12.1849		3,183,292
Over 500		11.9385		2,309,054
DTs - Summer				

Small General Service - Motor Fuel 242

Bills	\$	22.00		528
DTs - Winter		10.8849		12,115
DTs - Summer		10.9588		18,374

TOTAL COMMERCIAL

\$77,477,049

PIEDMONT NATURAL GAS COMPANY, INC.
 PROPOSED REVENUE CALCULATIONS
 2007 SC RSA

(dekatherms)	Proposed	Proposed
Rate Schedule	Rate	Revenue

Large General Service - Sales 203

Bills	\$	250.00	30,750
Demand DT'S	\$	19.00	438,079
First 1,500		11.2679	701,003
Next 1,500		10.5724	412,295
Next 7,500		10.0943	268,554
Next 16,500		9.5225	-
Next 33,000		8.9693	-
<u>Over 60,000</u>		8.6836	-
DTs - Winter			
First 1,500		10.3916	880,186
Next 1,500		9.9073	394,285
Next 7,500		9.7307	90,736
Next 16,500		9.3368	-
Next 33,000		8.9193	-
<u>Over 60,000</u>		8.6836	-
DTs - Summer			

Large General Service - Transportation 213

Bills	\$	250.00	127,750
Demand DT'S	\$	6.00	549,367
Standby DT's	\$	13.00	0
First 1,500		2.5629	747,875
Next 1,500		1.9003	411,398
Next 7,500		1.4306	307,048
Next 16,500		1.0225	(14,376)
Next 33,000		0.4693	-
<u>Over 60,000</u>		0.1836	(147,171)
DTs - Winter			
First 1,500		1.8374	726,517
Next 1,500		1.3587	354,389
Next 7,500		1.0775	233,234
Next 16,500		0.8092	13,352
Next 33,000		0.4193	1,258
<u>Over 60,000</u>		0.1836	148,016
DTs - Summer			

PIEDMONT NATURAL GAS COMPANY, INC.
PROPOSED REVENUE CALCULATIONS
2007 SC RSA

(dekatherms)	Proposed	Proposed
Rate Schedule	Rate	Revenue

Interruptible Service - Sales 204

Bills	\$	250.00	63,500
First 1,500		11.8977	1,440,639
Next 1,500		11.2153	1,044,476
Next 7,500		10.7746	1,003,950
Next 16,500		10.0530	748,889
Next 33,000		9.9537	27,850
<u>Over 60,000</u>		9.0836	-
DTs - Winter			
First 1,500		10.5078	1,781,303
Next 1,500		10.0288	1,018,983
Next 7,500		9.7418	926,834
Next 16,500		9.4359	352,428
Next 33,000		9.0693	-
<u>Over 60,000</u>		8.7836	-
DTs - Summer			

Interruptible Service - Transportation 214

Bills	\$	250.00	168,000
First 1,500		2.5616	1,000,731
Next 1,500		1.8984	633,013
Next 7,500		1.4216	928,490
Next 16,500		0.9447	269,544
Next 33,000		0.4740	11,281
<u>Over 60,000</u>		0.1836	2,308
DTs - Winter			
First 1,500		1.8339	1,033,043
Next 1,500		1.3532	614,974
Next 7,500		1.0597	858,820
Next 16,500		0.7640	216,077
Next 33,000		0.6228	588
<u>Over 60,000</u>		0.1836	-
DTs - Summer			

TOTAL INDUSTRIAL **\$20,820,265**

Outdoor Gaslight Service - Rate 205

Fixtures	15.0000	720
DTs - Winter		
DTs - Summer		

Annual Revenues From Special Contracts **3,999,321**

ANNUAL TOTAL **\$213,781,932**